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Cynthia Wainscott, **Chair of the Board** • Michael M. Faenza, **President and CEO**

**Committee on Energy and Commerce
U.S. House of Representatives
Hearing on Empowering Medicaid Beneficiaries
Statement of Michael M. Faenza, MSSW, President and CEO
National Mental Health Association
September 8, 2005**

Mr. Chairman and Members of the Committee:

Medicaid provides millions of low-income Americans with access to critical mental health services ranging from inpatient hospital care to psychologist and psychiatrist services and prescription drug coverage. Medicaid is now the single largest source of funding for mental health services in this country. **In the aftermath of Hurricane Katrina, hundreds of thousands of individuals have been left destitute and need help accessing necessary health care, particularly mental health care in light of the emotional devastation inflicted on the survivors of this unprecedented natural disaster. We urge the members of this Committee to oppose legislative proposals that would harm the low-income individuals who need Medicaid by limiting the benefits provided or increasing cost-sharing.** The rate of untreated mental illness was already extremely high and this is not the time to weaken the lifeline to treatment that Medicaid provides. We have grave concerns regarding a number of proposed changes to Medicaid as outlined below.

Increasing Cost-sharing

Research has shown that increased cost-sharing for low-income people causes them to reduce use of medications and medical care resulting in more serious conditions and increased need for emergency care. These consequences are especially true for people with mental illness who, in general, need more medical care and medications as a result of the chronic nature of this disease. We urge the Committee not to support increased cost-sharing for Medicaid beneficiaries.

Reducing Federal Payments for Targeted Case Management

Targeted case management funding enables states to provide intensive care coordination for many children as well as adults with mental health disorders. Reducing federal funding for TCM will diminish the capacity of states to integrate service delivery and ensure continuity of care that studies have shown are vital aspects of successful treatment. We urge you to reject proposals by the Department of Health and Human Services (HHS) to restrict funding for TCM.

Limiting Coverage of Rehabilitative Services

The rehabilitative services option in Medicaid is a primary source of funding for community-based mental health services. This option enables states to offer a wide range of service in a variety of settings that foster consumers' rehabilitation and recovery far more effectively than clinical facility

settings. Examples of community-based services funded through the rehab option include supported employment, consumer-run services, and day treatment. We urge you to reject the legislative proposal by HHS to restrict the definition of rehabilitative services for purposes of Medicaid reimbursement. This proposal would decimate funding for community-based mental health care.

Re-modeling Benefits after SCHIP

The State Children's Health Insurance Program (SCHIP) does not include benefits that are critical to many low-income children and adults with mental disorders in every states; and therefore, cannot be substituted for Medicaid coverage. We urge you to reject proposals to allow states to reduce Medicaid benefits to the SCHIP level.

Capping Funding for State Medicaid Administrative Costs

Cutting such funding would likely result in more individuals with mental illness being inappropriately institutionalized, would lessen state oversight of nursing home facilities, and would diminish access to needed services for individuals with mental illnesses.

Instituting Self-directed Care

Giving beneficiaries more control to direct their own care is a worthy goal, but could impose enormous administrative burdens on beneficiaries while raising serious questions regarding loss of protections for service quality and safety. Moreover, allowing self-directed care while capping the amount of funding for a benefit will result in arbitrary limits on needed services.

Covering Medicaid Beneficiaries through Private Insurance

Individuals with mental illness have long been subjected to harmful and discriminatory limits on care and even exclusions from coverage in the private insurance market. Proposals that would substitute private sector coverage for Medicaid benefits will be inadequate for mental health consumers.

Limiting Federal Rules Regarding Medicaid Waivers

The National Governors Association (NGA) has recommended that states be given broad authority to waive federal requirements and consumer protections without federal oversight. The waiver process should instead be improved to ensure more public input. Currently, these waiver proposals are discussed and finalized behind closed doors without adequate notice and opportunity for public comment.

Restricting Judicial Enforcement through Consent Decrees

The NGA also proposes to limit the use of the court system by Medicaid beneficiaries to enforce their legal rights by restricting the applicability of judicial "consent" decrees. This proposal would undermine an important means of ensuring that states comply with Medicaid protections for some of our most vulnerable citizens.